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MITI PROPOSES RECIPROCAL ABOLITION OF TARIFFS

OW131205 Tokyo KYODO in English 1138 GMT 13 Jun 85

[Text] Tokyo, June 13 KYODO -- The Ministry of International Trade and Industry (MITI) has drafted a package of market-opening measures, including gradual reciprocal abolition of all import duties on manufactured and mining products within three years, ministry officials said Thursday. The package is intended to be the heart of an action program to be announced by the government next month to give foreign products easier access to the Japanese market, the officials said.

The measures feature the following three points: Tariffs on 61 high-technology products in the electronics, new material, aerospace and nuclear power fields will be removed from fiscal 1986 starting next April if other industrial countries agree to follow suit; tariffs of less than 5 percent on 38 items, including chemical products, will be abolished, possibly by April 1987, also on a reciprocal basis; and Japan will propose that all preferential tariffs, imposed on products from developing countries, be abolished internationally taking advantage of the global standardization of a tariff list scheduled for 1987, according to the officials.

MITI also plans to promote reciprocal abolition of all tariffs on manufacturing goods by industrialized countries. MITI will explain the package at a meeting of economic ministers of Japan and the Association of Southeast Asian Nations (ASEAN), scheduled to be held in Tokyo June 27-28, the officials said.

#### Advisers Urge Unilateral Cuts

OW131315 Tokyo KYODO in English 1255 GMT 13 Jun 85

[Text] Tokyo, June 12 KYODO -- Saburo Okita, former foreign minister, and eight other members of an advisory committee Thursday urged the government to lower tariffs unilaterally and drastically. They also called for liberalization of agricultural imports, abolition in principle of certification and standard systems for imported products, and emergency imports. All of them stressed that Japan cannot overcome its economic frictions with other countries unless it carries out a dramatic and thoroughgoing action program.

The members of the advisory committee to the ministerial council on the external economy expressed their views to high officials of a task force of the government and ruling Liberal-Democratic Party for promotion of external economic measures, recently established by Prime Minister Yasuhiro Nakasone to map out an action program for implementing the government's new market-opening package adopted in April.

Regarding tariff cuts, they criticized the reciprocity principle suggested by the Ministry of International Trade and Industry (MITI). They also asked the Agriculture, Forestry and Fisheries Ministry to reconsider its policy of maintaining existing import curbs.

#### Nakasone Backs Unilateral Cuts

OW140601 Tokyo NYODO in English 0549 GMT 14 Jun 85

[Text] Tokyo, June 14 KYODO -- Prime Minister Yasuhiro Nakasone Friday said at a cabinet-ruling party liaison meeting that Japan need not always abide by tariff agreements if it could make cuts on its own initiative, a reference to the announcement of tariff cuts expected on June 25.

Nakasone said the country should lower tariffs on those items strongly urged by foreign nations even before starting a new round of multilateral talks on the General Agreement on Tariffs and Trade (GATT), officials said. Nakasone made the remarks when International Trade and Industry Minister Keijiro Murata reported that MITI will promote "mutual" tariff cuts on high technology goods, including such areas as electronics, telecommunications, new materials and communications satellites, at the new round or among major trading partners.

Agriculture, Forestry and Fisheries Minister Moriyoshi Sato said that if Japan complied with demands by various nations for tariff cuts it would cause new demands to arise one after another, the officials said.

The meeting of 11 cabinet ministers dealing with economic matters and leaders of the ruling Liberal-Democratic Party (LDP) was held Thursday to review the work of concerned ministries and smooth preparations for the June 25 announcement on tariff cuts as well as a market-opening action program scheduled at the end of July.

Nakasone also said the government should further take the lead in emergency countermeasures of governmental and private circles for raising imports and improve every import regulation that is called "unfair" overseas, the officials said. He said the country should consider imposing self-restraints on exports depending on the future situation to avoid any import or export surcharges, they said.

Nakasone also instructed each governmental ministry and agency to appoint an inspecting officer to check Japan's distribution systems and avoid unnecessary mark-ups for imported goods. Nakasone also instructed the concerned ministries and agencies to come up with an outline of the action program before he leaves Japan July 12 for a tour of Europe.

#### NAKASONE STRESSES INDEPENDENCE OF DEFENSE POLICY

OW131239 Tokyo KYODO in English 1222 GMT 13 Jun 85

[Text] Tokyo, June 13 KYODO -- Prime Minister Yasuhiro Nakasone Thursday reiteratedly stressed Japan would independently carry out its defense policies in commenting on a U.S. Senate resolution calling for Japan's greater defense buildup efforts.

In response to questions by opposition dietmen in a session of the House of Councillors Cabinet Committee, Nakasone said Japan would implement its defense policies according to the wishes of the Japanese people and its Constitution. Nakasone also said Japan must not allow foreign intervention in its defense policies.

He construed the U.S. Senate resolution adopted Tuesday as expressing concern and interest in Japan's defense effort with a mind to American taxpayers. He also noted the U.S. congressional complaint that Japan was selfish about defense cooperation with the U.S. and the American people were carrying a larger defense spending burden than the Japanese people.

Nakasone said the sudden Senate resolution surprised him but it was understandable as a congressional action arising from American public sentiment. On the resolution's concrete demands for buildup of Japan's war sustainability and other areas, however, Nakasone said Japan would independently implement its defense policies under the provisions of the Constitution and the Japan-U.S. security treaty.

SPA PROPOSES DATE FOR PRELIMINARY N-S CONTACT

SK140343 Pyongyang Domestic Service in Korean 0300 GMT 14 Jun 85

[Text] Yang Hyong-sop, chairman of the SPA Standing Committee of the DPRK, sent today a telephone notice to the South Korean National Assembly speaker. The telephone notice is as follows:

To Yi Chae-hyong, speaker of the National Assembly of the Republic of Korea:

I have received a reply letter dated 1 June from your National Assembly in response to the letter dated 9 April sent by the fourth session of the Seventh SPA of the DPRK.

Although there is a point on which your National Assembly holds an opinion different than ours, you have agreed, albeit belatedly, with our proposal to hold North-South parliamentary talks. I am pleased with and welcome this.

Today, the question of reducing the tense situation in our country, of guaranteeing a durable peace, and of laying foundations for peaceful reunification is an important matter related to the fate of the country and the people and is a pressing question urgently awaiting resolution.

The politicians in the North and the South ought to open a new vista for the future road to the country's peace and peaceful reunification by holding North-South parliamentary talks at an early date in conformity with the demands of the prevailing situation and the urgent wishes of the entire nation.

Proceeding from such a stand, we consider that the earlier the parliamentary talks are held, the better. We propose to hold a preliminary contact to prepare for North-South parliamentary talks at the Conference Room of the Neutral Nations Supervisory Commission in Panmunjom at 1000 on 9 July. For this purpose, we will dispatch a delegation composed of five delegates and four entourage members -- the SPA deputies hailing from each political party -- to the preliminary contact.

[Signed] Yang Hong-sop, chairman of the SPA Standing Committee of the DPRK

[Dated] 14 June 1985

IMPORTANCE OF PARLIAMENTARY TALKS STRESSEDNODONG SINMUN Article

SK140147 Pyongyang Domestic Service in Korean 2140 GMT 13 Jun 85

[NODONG SINMUN 14 June special article: "A Step To Lay a Foundation for Peace and Peaceful Reunification"]

[Text] Our proposal for convening North-South parliamentary talks and issuing a joint declaration of nonaggression is continuously eliciting great consensus and support at home and abroad because it is a new important step to accelerate peace and peaceful reunification of the country.

Looking back, we note that our nation not only has been experiencing the tragedy of division for 40 years, being separated between the North and South, but is in military confrontation, each side aiming guns at the other. This painful reality is a development that no Korean should tolerate any longer.

It is clear to everyone what fate would befall the country and the nation if this grave situation were left uncorrected. The reality urgently demands that the entire nation launch the cause of national salvation to put an end to the history of continuing division and confrontation, to ease tension, and to open a new phase in peace and peaceful reunification.

The proposal of our SPA for the convocation of North-South parliamentary talks has been motivated from such a realistic demand.

The great leader Comrade Kim Il-song has taught: Ending the state of military confrontation and easing tension between the North and South is the matter of utmost urgency and pivotal importance at present to terminate the misunderstanding and distrust between the North and the South, to promote mutual understanding and trust, to create an atmosphere for national unity, to improve North-South relations, and to realize the peaceful reunification of the country.

Easing tension prevailing in the country and ending the danger of war is a prerequisite to peace and peaceful reunification. In order to achieve peace and reunification, a realistic basis should initially be provided, to bring about national reconciliation and unity and to remove the danger of war.

North-South parliamentary talks are the most proper form of talks to provide a basis for peace and peaceful reunification by our nation, through our own efforts. Of course, in order to eliminate the danger of war on the Korean peninsula at its source and to ensure solid peace, the tripartite talks, participated in by us, the United States, and South Korea, should be realized. However, at the present time, when they are not realized, we cannot just sit and wait for someone to bring peace to us. The North and the South should not hesitate to utilize the potential if it serves as momentum to bring us even one step closer toward peace.

Our proposal for North-South parliamentary talks originated from the serious patriotic position of the nation exploring ways to ease tension and to solve the problems within the nation by having representatives of the nation sit together. Today, easing tension, preventing war, and ensuring peace on the Korean peninsula is a vital problem related to the life and death and fate of the nation and the survival and fall of the country. Therefore, in order to correctly solve the problem of ensuring peace in the country, we should explore the mode of talks that can bring together the will of the broad classes and strata, each party, and each faction of the North and the South. From this viewpoint, the North-South parliamentary talks are the most appropriate form of talks that can assembly the will of the broad strata, each party, and each faction of the North and South.

Because our SPA and the South Korean National Assembly are comprised of a broad range of politicians, they can represent to a certain degree the will and demand of the entire nation if talks between the two parties are held, and can successfully solve all the problems accordingly.

North-South parliamentary talks are an active and effective form of dialogue whereby the North and the South will transcend the differences in their ideologies and systems and provide a basis for grand national unity under the national ideal.

The greatest barrier that separates the North and the South today is distrust and misunderstanding.

It is not too much to say that they are worse than those found in the relations between hostile countries. Such relations can never be solved by working-level contacts such as Red Cross talks and economic talks. They can only be solved through authoritative political talks like parliamentary talks between the two parties.

On the road to peace and reunification of the country, differences in ideology and system should not matter. The North and South should not continue to confront each other. They should jointly explore ways to reconcile with and trust each other and live peacefully as fellow countrymen. Our proposal for North-South parliamentary talks was made under the premise that there are no problems that cannot be solved if the North and the South sit together, putting forward one national ideal, even though there are different ideologies and systems in the North and the South. The proposal, therefore, is very realistic.

If North-South parliamentary talks were realized and a joint declaration of nonaggression issued, hostility and confrontation between the North and the South would be brought to an end and national unity achieved, even if solid peace were not ensured in our country, and the problem of adopting a declaration of nonaggression at high-level North-South political talks would be solved smoothly on this basis. Also, this would encouragingly influence the North-South economic talks and Red Cross talks, propelling multi-phased North-South collaborations and exchanges, thus contributing to the realization of tripartite talks to ensure solid peace in the country. The South Korean side should have no reason to reject such a realistic and reasonable proposal for national salvation. Yet extremely extraordinary developments are in progress in South Korea at present.

In a letter of reply sent after a lapse of some 50 days following the issuance of our proposal, the South Korean National Assembly proposed the North-South parliamentary talks be held but that the adoption of the so-called unified constitution be discussed in the talks rather than the issuing of a joint declaration of nonaggression proposed by us. This is, in fact, an irrelevant reply, and it is an escapist attitude toward such a vital issue for the nation as easing tension between the North and the South and preventing war.

Meanwhile, provocative war exercise rackets are continuously being staged against us in South Korea, including "Myolgong," "Bat," and "Ttangppol," while we are urging them not to quarrel but to live together in peace. It is improper for them not to show sincerity toward our new peace proposal, to slander the other party, thinking only of fighting, and to continuously stage war exercise rackets. It shows that the South Korean persons in authority do not welcome our realistic step for national reconciliation and easing of tension. Under such conditions, we have much concern about the prospects even for smooth progress in talks and Red Cross talks. The South Korean side should stop all acts detrimental to dialogue and maintenance of peace and show sincerity toward our new peace proposal.

#### Radio Supports Talks

SK131300 Pyongyang Domestic Service in Korean 0326 GMT 13 Jun 85

[Unattributed talk: "North-South Parliamentary Talks Should Be Realized at an Early Date"]

[Text] The great leader Comrade Kim Il-song has taught: Because of its justness and reasonableness, our new peace proposal for the holding of North-South parliamentary talks is now being supported positively by all the Korean people, governments of various countries in the world, and progressive people of the world.

Already 2 months have passed since our Supreme People's Assembly proposed to the South Korean side the holding of North-South parliamentary talks and the publication of a joint declaration on nonaggression.

Our proposal for the holding of North-South parliamentary talks is eliciting more positive support and sympathy from all the Korean people and a broad range of people in the world with each passing day.

Our proposal for the holding of North-South parliamentary talks and the publication of a joint declaration on nonaggression is one that must be realized without delay in light of the demands of the situation now prevailing and in light of the aspirations of our people and the world's people.

Our proposal is a most just and realistic one that should be realized at an early date in order to, above all, put an end to the history of division and confrontation, to eradicate the danger of war prevailing in the country, to ease the acute tension prevailing in the country, and to preserve and consolidate peace.

It is a matter of life and death directly related to the fate of our nation to prevent war and preserve and consolidate peace in our country. Dark clouds of war pregnant with dangers capable of exploding at any time are constantly floating above our country.

The confrontation between North and South has reached a serious stage rarely seen even between hostile countries, and vast armed forces of the North and the South stand in a sharp standoff across a demarcation line.

On top of that, because of the U.S. imperialists' aggressive maneuvers that are becoming ever more blatant, tension is becoming more aggravated with each passing day and the danger of war is increasing more and more. If such a situation is ignored, the entire nation could be turned into a horrible sea of fire by even a small local clash.

In order to eradicate the danger of war and to ease tension -- factors directly related to the survival of the nation -- to preserve and consolidate peace, and to explore a new phase for peaceful reunification, North-South parliamentary talks should be held and a joint declaration on nonaggression should be adopted between the North and the South as proposed by us.

Unless the danger of armed clashes is eliminated with the publication of a joint declaration on nonaggression between the North and the South containing a pledge not to fight each other, the North and the South can not indefinitely avoid a confrontation and, therefore, they can never enjoy a peaceful life for even a day.

Under circumstances in which the tripartite talks have not been realized, the North-South parliamentary talks are the best way for the North and the South to relax tension by our people's own strength, to eradicate the danger of war, and to provide an environment for peace and peaceful reunification.

Our proposal designed to hold North-South parliamentary talks and to adopt a joint declaration on nonaggression between the two sides is a most just and reasonable proposal which enables the two sides to promote national rapprochement and trust and to improve North-South relations through dialogue and negotiations.

One of the fundamental obstacles keeping the North and the South separated is the distrust and misunderstanding that have accumulated in the course of the continued division.

Such distrust and misunderstanding can never be dispelled unless each side's suspicion that it is faced with military threats from the other is dispelled.

If and when a joint declaration on nonaggression in which the North and South vow not to use strength against the other is announced, the two sides can dispel mutual distrust and misunderstanding and create an atmosphere of national rapprochement and unity. When this happens, a broad road for diversified dialogue between the North and the South will be opened and conditions favorable to realizing high-level North-South political talks will also be provided.

If and when the North-South parliamentary talks are realized, they will have a good impact on the on-going economic talks and Red Cross talks and at the same time will accelerate the realization of the tripartite talks aimed at preserving a solid peace in our country.

Our proposal for the holding of North-South parliamentary talks and for the announcement of a joint declaration on nonaggression is a most just proposal which is in full accord with the aspirations of the world's people for peace.

Korea has now become a place where the danger of war is most acute. Peace in Korea is directly tied to peace in Asia and the world. If a war breaks out in Korea, it can easily escalate into a global thermonuclear war. When this happens, mankind will fall victim to a formidable nuclear holocaust. This generates uneasiness and concern among the world's people.

This being the case, parties, state leaders, leaders, and progressive political parties and social organizations of the socialist countries and nonaligned countries, international organizations, and friendship organizations hope that our new peace proposal should be realized at an early date, while expressing positive support for and solidarity with our new peace proposal.

Indeed, our proposal for the holding of North-South parliamentary talks and for the announcement of a joint declaration on nonaggression between the North and the South is a most just and realistic one, reflecting the unanimous aspirations and hope of our people and the world's peace-loving people. However, the South Korean side, ignoring our just proposal, has come up with a call for the discussion of the issue of a constitution for unification, which has nothing to do with our proposal.

If the persons in authority in South Korea genuinely hope for peace in Korea and national reunification, they should respond to our proposal for the announcement of a joint declaration on nonaggression at an early date, instead of clinging to such a totally unrealistic call as the issue of legislating the constitution for unification.

#### KIM MEETS INTERNATIONAL RED CROSS DELEGATION

SK131530 Pyongyang KCNA in English 1523 GMT 13 Jun 85

[Text] Pyongyang June 13 (KCNA) -- The great leader President Kim Il-song Thursday received the visiting delegation of the International Red Cross Organizations.

Present on the occasion were Enrique de la Mata Gorostizaga, president of the League of Red Cross and Red Crescent Societies; Ahmad Abu-gura, chairman of the Standing Commission of the International Red Cross; and other members.

Chairman Son Song-pil and Vice-Chairman Yi Song-ho of the Central Committee of the Red Cross Society of the DPRK were on hand.

President Kim Il-song had a talk with the guests in a cordial and friendly atmosphere. The guests presented a gift to him.

#### CPLA FRIENDSHIP VISITING GROUP ARRIVES

SK112328 Pyongyang KCNA in English 2322 GMT 11 Jun 85

[Text] Pyongyang June 11 (KCNA) -- A friendship visiting group of the Chinese People's Liberation Army headed by You Taizhong, member of the Central Committee of the Communist Party of China and commander of the Guangzhou military area of the CPLA, has arrived in Pyongyang on June 11 by train. It was met at Pyongyang railway station by Colonel General Pak Chung-kuk, Major General Yi Hong-son and other generals and officers of the Korean People's Army, and Chinese Ambassador to Korea Zong Kewen. The Ministry of People's Armed Forces gave a party for the visiting group this evening.

Yi Chong-ok Receives Group

SK120015 Pyongyang KCNA in English 2352 GMT 11 Jun 85

[Text] Pyongyang June 11 (KCNA) -- Comrade O Chin-u, minister of People's Armed Forces, met and had a friendly talk today with the friendship visiting group of the Chinese People's Liberation Army headed by You Taizhong, member of the Central Committee of the Communist Party of China and commander of the Guangzhou military area of the CPLA, which paid a courtesy call on him. Present there were Colonel General Pak Chung-kuk of the Korean People's Army and Chinese Ambassador to Korea Zong Kewen.

#### EMBASSY IN YUGOSLAVIA MARKS KIM IL-SONG'S VISIT

SK140423 Pyongyang KCNA in English 0338 GMT 14 Jun 85

[Text] Belgrade June 12 (KCNA) -- A film show and a reception were hosted on June 11 at the DPRK Embassy in Belgrade on the first anniversary of the Yugoslav visit of the great leader President Kim Il-song. Invited there were Dragoslav Markovic, member of the Presidency of the Central Committee of the League of Communists of Yugoslavia, Borislav Krajina, member of the Federal Executive Council of the Socialist Federal Republic of Yugoslavia and federal secretary for Justice and Organization of Federal Administration, Stanislav Stojanovic, executive secretary of the Presidency of the Central Committee of the League of Communists of Yugoslavia, and other leading functionaries.

The Korean documentary film "Visit to Yugoslavia of the Great Leader Comrade Kim Il-song at the Head of a Party and State Delegation" was screened at film show. Korean Ambassador Yi In-kyu made a speech before the film show. It was followed by a reception. The attendants toasted the good health and long life of Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, the good health and long life of dear Comrade Kim Chong-il, and the good health and long life of Comrade Radovan Vlajkovic, president of the Presidency of the Socialist Federal Republic of Yugoslavia, and Comrade Ali Sukrija, president of the Presidency of the Central Committee of the League of Communists of Yugoslavia.

ROK, JAPAN AGREE ON MUTUAL VISITS OF NAVY SHIPS

SK140121 Seoul THE KOREA HERALD in English 14 Jun 85 p 1

[Text] Tokyo (YONHAP) -- Korea and Japan have agreed in principle on mutual visits by their naval training fleets, the Japanese NHK-TV reported Thursday.

The first visit by a Korean fleet to Japan is scheduled for this fall, to be followed next spring by a Japanese visit, the network's morning news broadcast said, quoting sources at the Japanese Defense Agency.

The agreement, which is expected to lead to stepped-up military cooperation between the two countries, has been reached against the backdrop of closer Korea-Japan relations following the exchange of visits by Prime Minister Yasuhiro Nakasone to Seoul in 1983 and President Chon Tu-hwan to Tokyo in 1984, NHK said.

It said that it has not yet been decided to what Japanese city the Korean Fleet would make a port call.

Meanwhile, the Japanese daily TOKYO SHIMBUN said in its Thursday morning edition Korea hopes to visit Sasebo, Yokosuka, or Tokyo, while Japan has offered only Sasebo, the port closest to Korea. The Japanese fleet is likely to pay a call at Pusan or Chinhae, it added.

SPORTS MINISTER ON NORTH-SOUTH SPORTS EXCHANGES

SK140440 Seoul HANGUK ILBO in Korean 14 Jun 85 p 9

[Interview with ROK Sports Minister Yi Yong-ho by HANGUK ILBO sports affairs editor Kim Chae-kyol -- date and place not given]

[Excerpts] [Kim Chae-kyol] There seems to be a remarkable change in terms of the attitude of the communist bloc. Would you first tell us briefly about the successful results of the general meeting of the International Olympic Committee [IOC] held in East Berlin?

[Yi Yong-ho] After the general meeting, IOC President Samaranch said: "I feel I am looking up to a blue sky in which the dark clouds hanging over the Olympics have disappeared." I could see various indications allowing me to have an optimistic view of the 1988 Olympic Games. The delegates from all communist bloc countries, except Albania, attended this general meeting. In various styles, they conveyed to us their intentions to participate in the 1988 Olympics.

[Kim Chae-kyol] Recently, sports exchanges with the communist bloc have become active. They have shown good will toward us. What do you think is the backdrop concerning this?

[Yi Yong-ho] The East European nations place much stress on sports policies. Without participating in the Olympics, it would be difficult for them to effectively push ahead with their sports policies. This is the first issue when looking at the backdrop.

They also seem to have understood that non-participation in the Olympics has not served as an effective diplomatic tool. One cannot disregard such a situation concerning world-level official games, such as the Olympics, or other sports exchanges. Because of this, I am confident that many of those countries with which we have no diplomatic relations will participate in various sports events to be held in our country before the 1988 Olympics.

A general meeting of the Association of National Olympic Committees [NOC] will be held in Seoul next April. It will be worth noting the results obtained at that meeting because there are several sports-related ministers, who deal with their domestic sports policies, among the members of the NOC of various countries.

[Kim Chae-kyol] What measures have you taken for the foreign players who are participating in the 1988 Olympics?

[Yi Yong-ho] We are examining and studying various methods. To cite an example, we are planning to simplify the procedure for entry into and departure from our country for those players from the countries with which we have no diplomatic relations. As far as the players from those countries are concerned, we are planning to issue visas directly at the border crossing point, for example the airports of stopover, instead of issuing visas in a third country.

[Kim Chae-kyol] Please tell us about our basic policy toward North-South sports exchanges.

[Yi Yong-ho] Our position is clear. We are willing to meet with North Korean delegates at any place and at any time, and are prepared to discuss any agenda broadly. We have opened the gate wide, but the North side has not shown an affirmative attitude. This is heartbreaking.

At the moment, the Red Cross talks are underway. In some sense, the sports field is the one in which relevant exchanges should be realized before anything else. But it is heartbreaking to see this field blocked.

[Kim Chae-kyol] Is it possible to relay the Olympic flame along the Silk Road?

[Yi Yong-ho] The relaying of the Olympic flame along the Silk Road would surely entail considerable difficulties because the relaying of the flame would pass through the countries with which we have no diplomatic relations, and nations experiencing regional dispute.

#### DJP LEADER BRIEFS CHON TU-HWAN ON IOC SESSION

SK140149 Seoul THE KOREA HERALD in English 14 Jun 85 p 4

[From the "Out and About" Column]

[Text] Rep. No Tae-u, chairman of the ruling Democratic Justice Party, visited Chongwadae yesterday morning to brief President Chon Tu-hwan on the results of the general session of the International Olympic Committee held in East Berlin. No, who is president of the Seoul Olympic Organizing Committee, attended the IOC meeting.

While No was in Chongwadae, there were speculations around the party headquarters that No might be briefing the President, who also heads the DJP, on the outcome of the just ended National Assembly session. However, a leading official of the party denied it after No returned to the party headquarters, saying that the sole topic of the Chongwadae meeting was the Olympics.

Meanwhile, Rep. Yi Han-tong, secretary general of the party, explaining the "purpose" of a joint dinner meeting of leading officials of the three major parties on June 19, said, "Party chairman No arranged the gathering in a bid to help the participants enjoy light conversation, following the closure of the house session."

"But, it has been reported that the participants would discuss all the pending political issues in the dinner meeting against No's idea," he contended. "I am afraid that we may not be able to have the dinner as scheduled," he said.

But, Rep. Kim Tong-yong, floor leader of the main opposition New Korea Democratic Party, [NKDP] said, "We will not go there just to eat. We will raise major political issues during the meeting."

The DJP originally planned to hold the dinner meeting Monday (June 17), but postponed it because NDP [New Korea Democratic Party], floor leader Rep. Kim is scheduled to visit Japan from today through Monday to comfort Rep. Kim Nok-yong, a vice speaker from the NDP, now in a hospital in Tokyo for treatment of his stomach disease.

#### PARTIES TO DISCUSS KIM TAE-CHUNG AMNESTY ISSUE

SK140113 Seoul THE KOREA TIMES in English 14 Jun 85 p 1

[Text] Ruling and opposition parties will seek to settle the sizzling issue of granting amnesty to Kim Tae-chung and restoring his civil rights through behind-the-scenes negotiations during the recess of the National Assembly which began Wednesday. With the negotiations in the background, the leading officials of the three major parties will discuss the issue in a joint meeting Wednesday (June 19).

The floor leaders of the ruling Democratic Justice Party and the main opposition New Korea Democratic Party [NKDP] had private discussions about the issue during the just-ended 30-day inaugural session of the Assembly.

In the contacts, the NDP [New Korea Democratic Party] which raised the question as one of its most important goals, has asked the DJP and the government to take "necessary measures" before the party's national convention to be held toward the end of next month, DJP sources said yesterday. However, the DJP maintains a position that it will take enough time to examine the issue, while continuing political negotiations with the NDP because it is closely related to the overall political situation.

The sources also said that the NDP demanded amnesty for Kim and other dissidents would not be realized in the near future, judging from the latest atmosphere in the ruling camp. A leading official of the party explained, "The situation became less favorable toward the amnesty since the NDP raised anew the Kwangju incident in the house session."

Kim is now under a suspension of execution of his 20 year jail term, fixed through commutations from a death penalty given to him for wirepulling the Kwangju incident. The NDP had demanded in the just-ended full house sitting that the Assembly probe the incident, which it called a "righteous uprising of democratic citizens," by involving its right to investigate state affairs.

With regard to the unresolved issue, NDP president Yi Min-u claimed that Kim and other dissidents should be given amnesty at an early date, taking into consideration the changed political situation and the fact that they were now in fact making political activities. "The government should translate the political forces (existing outside the current political frame) into reality by granting amnesty to them," he claimed.

He revealed that the NDP was now consulting with the government and the DJP about the amnesty issue through party floor leader Kim Tong-yong.

Then, he said he expected that the government and its party would make sincere efforts to solve the issue. He also said that the NDP "cannot but convene a special house session to appeal to the people directly in connection with the amnesty issue and the Kwangju incident, if the government and the DJP reject our demand in the behind-the-scene negotiations."

Floor leader Kim said that he expected that the DJP would come up with a concrete reply to the NDP's demand in the scheduled meeting of the three parties' leaders on June 19.

During the joint meeting of party leaders to be hosted by DJP chairman No Tae-u, the participants are expected to exchange a broad range of views on latest political situation of the nation. The participants will be representatives; and secretaries general and floor leaders of the DJP, NDP, and the second opposition Korea National Party.

#### FOREIGN INDUSTRIAL INVESTMENTS TO BE ALLOWED

SK140451 Seoul YONHAP in English 0300 GMT 14 Jun 85

[Text] Seoul, June 14 (OANA-YONHAP) -- The South Korean Government next month plans to allow foreign concerns to invest in 133 of the 339 industrial areas now restricted and banned from foreign investment, the Finance Ministry reported on Friday.

Among the 133 areas are softdrinks, oil and fat, synthetic fiber, cosmetics, wholesale and retail trade and baked foods, according to a Finance Ministry report on the revisions released Friday.

The liberalization measure is part of the government's plan to open domestic industries to foreign investments on a gradual basis, a ministry official said.

It will increase the number of industrial fields in which foreign investments are permitted from 660 to 793 and will boost Korea's liberalization ratio from 66.1 percent to 79.4 percent.

Under specific circumstances, the government will allow foreign investments to be made in the restricted areas: If the manufactured goods are to be exported, if the investments are made in recreational or tourist facilities, or if additional investments are needed to increase capital already invested.

In the construction sector, foreign investments will be permitted, if they involve joint ventures with existing domestic license holders.

Foreign investments in some heavy and chemical industrial sectors, such as automobiles, motor cycles, ship engines and optical fibers, will also be permitted, if they involve joint ventures with existing domestic firms.

Foreign investments in wholesale trade will be subject to approval by the finance minister, however, if the investments involve foreign brands or imported goods, according to the draft revision.

Under a prior notification system, the Finance Ministry will announce in advance business areas to be opened to foreign investments, the official said.

THAILAND CRITICIZED FOR HOSTILITY TOWARD LAOS

BK131236 Phnom Penh SPK in English 1124 GMT 13 Jun 85

[Text] Phnom Penh SPK June 13 -- A spokesman for the Ministry for Foreign Affairs of the People's Republic of Kampuchea released here today a statement, strongly criticizing the Thai authorities' hostile actions against Laos. The statement reads in full:

"One year ago on June 6, 1984 the ultra-rightest reactionaries in the Thai ruling circles sent their troops to attack and occupy the three villages of Mai, Keng and Savang at Paklai District in Sayaboury Province of Laos. In face of these acts of aggression, the Government of the Lao People's Democratic Republic while taking legitimate measures to defend the sovereignty and territorial integrity of Laos demonstrated its goodwill by taking the initiative of sending a delegation to Bangkok to negotiate with Thailand to solve the problem. Condemned by public opinion in the world and even in their country, the Thai authorities had to declare to pull out their troops from Lao territory.

"In fact those forces have not been totally withdrawn to Thai territory, but they were redeployed in the surrounding areas of the three Lao villages in order to continue to attack and perpetrate crimes against the local population. The Thai authorities on the one hand have refused further negotiations with the LPDR. On the other hand they are strengthening their collusion with the Beijing expansionists and hegemonists in turning Thai territory into a sanctuary to regroup and nurture Lao reactionary exiles and use them to sabotage against the peaceful construction of the Lao people. As a result, a year has elapsed, but the situation on the Lao-Thai border in the area of those villages is always explosive and the Lao-Thai relations remain tense.

"The above-mentioned hostile acts conducted by the Thai authorities against the LPDR are geared with their hostile activities against the PRK. The Thai ultra-rightist reactionaries in execution of the Chinese policy have strived harder in their attempts to save the Polpotist and other reactionary remnants aimed at intensifying their acts of war against Kampuchea. Most serious still, materializing a statement of the Thai prime minister, the Thai authorities in the first half of last May sent their marine and infantry units to cross over the border to support the Polpotists in their acts of sabotage against the Kampuchean people's rebirth.

"At present, in contempt of the disapproval among the international organizations in charge of humanitarian aid to refugees, the authorities in Bangkok are obstinately conducting the so-called 'repatriation of Khmer refugees' which is in fact the well-known criminal trick already condemned many a time. This move aimed at pushing back to Kampuchean territory the Khmer reactionaries chased by the Kampuchean people in mopping-up operations undertaken in the recent dry season together with the 'refugees' who were away and brought back by the reactionaries as shields.

"Carrying out a foreign policy of peace, friendship and co-operation, the Lao People's Democratic Republic has renewed its goodwill. In a statement issued on June 6, the LPDR's Foreign Ministry proposed that Thailand should send a delegation of its government to Laos for resuming talks aimed at solving the problems in the relations between the two countries. This is a judicious and constructive proposal full of goodwill.

"The People's Republic of Kampuchea always sets great store by the friendship between the Kampuchea and Thai peoples, and highly appreciates and unreservedly supports the LPDR's proposal which constitutes an important contribution to improving the relationship between the three Indochinese countries and Thailand, and to peace, stability and cooperation among the Southeast Asian countries.

"The PRK's Ministry for Foreign Affairs is strongly convinced that the proposal, which is entirely in conformity with the actual trend for dialogue in this region and in the world as well, will be warmly welcomed by world opinion.

"The PRK's Foreign Ministry demands that the Thai authorities positively and seriously respond to the goodwill reiterated by the LPDR. On the contrary, the Thai authorities will expose more clearly in the eyes of the Southeast Asian peoples and the whole international community their obstinacy in service of Beijing to oppose to the three Indochinese peoples and maintain confrontation and tension in this region."

#### CENTRAL COMMITTEE CIRCULAR ON KPRAF ANNIVERSARY

BK131205 Phnom Penh Domestic Service in Cambodian 0430 GMT 13 Jun 85

[10 June circular of KPRP Central Committee signed by Say Phuthang on celebrating KPRAF's 34th anniversary and 19 June Army-People Solidarity Day]

[Text] This year, our Army and people celebrate the 34th anniversary of the founding of the KPRAF and Army-People Solidarity Day at a time when the Cambodian revolution is scoring great successes in many fields, particularly in the military field, during the 1984-85 dry season. We continue to expand these victories and actively implement the tasks of fighting against enemies, advancing the movement to win back misled persons, and successfully carrying out production tasks for the 1985 rainy season.

#### I. Aims and Requirements

1. The KPRAF and the police should clearly understand the good attitude and traditions of our Army, heighten criticism and self-criticism concerning service for the people, and respect, love, and defend the people to be worthy of being the People's Revolutionary Armed Forces and of having the people's love and assistance.
2. Our cadres, combatants, and people should clearly understand the great successes of the Cambodian revolution during the past 6 years, particularly in the military field in the past dry season. Along with this, they should clearly perceive the long-term maneuvers of the Beijing expansionist clique in collusion with U.S. imperialism and the Thai reactionary ruling circles, and the current savage and perfidious tricks of the remnants of Pol Pot, Ieng Sary, Khieu Samphan, Sihanouk, and Son Sann against the Cambodian revolution and the three Indochinese countries.
3. Expanding the past dry season victories, our cadres, combatants, and people should heighten their fighting spirit and will for self-reliance, always be vigilant, be in control of the situation, improvise in fighting and in national defense work, advance the movement to win back misled persons, actively build the Armed Forces -- in particular, militia forces -- and implement well the policy concerning the rear battlefield.
4. Increase the solidarity between the Army and the people and the international solidarity among Cambodia, Vietnam, Laos, the Soviet Union, and other fraternal socialist countries the world over.

#### II. Forms of Organizations:

1. The KUFNCD National Council, in cooperation with the Ministries of Defense and Information and Culture and Phnom Penh Municipality, should organize a meeting on 19 June 1985.

The provincial and municipal fronts should cooperate with the Armed Forces in carrying out cultural propaganda work and organize meetings in their localities. Before the meeting, wreath laying ceremonies to pay homage to fallen combatants at the palace of fallen combatants and the monument to the Vietnamese volunteer combatants should be organized.

2. Central and local ministries and services of the party, state, and front should send delegations to visit, present gifts, and write letters to units of the KPRAF, the Vietnamese Volunteer Army, units of workers at national defense worksites who are carrying out tasks along the Cambodian-Thai border, and wounded and sick combatants convalescing in hospitals. Families of fallen combatants and those having merits for the revolution should be visited. The KUFNCD National Council, in cooperation with the Defense Ministry, should have programs and plans to send central delegations to visit various localities. Provinces along the border should necessarily visit and assist in improving the life of Cambodian cadres and combatants, the Vietnamese Volunteer Army Units, and workers at national defense worksites who are carrying out tasks on the front battlefield. Localities or Army units that contain tombs of Cambodian cadres and combatants and Vietnamese Army Volunteers should clean them by calling on women, young people, schoolchildren, and children to participate in this work.

3. The Defense Ministry should organize a meeting to sum up victories of the 1984-85 dry season and praise units and individuals with outstanding achievements.

4. Armed Forces units should organize meetings of self-criticism and learn from experiences drawn from battles against the enemies in the past dry season. Solidarity with the people should be highlighted and outstanding individuals and units should be selected. Criticize all acts of violating people's property, army discipline, and state laws. The Defense Ministry should have plans to provide guidance on meetings of crack units and their life. Party affairs committees in every province and municipality should have concrete plans to set up meetings for regional army units and militia forces in various localities.

5. Organize meetings of representatives from the Army and local mass organizations to pool efforts in building the Armed Forces and implementing the policy concerning the rear battlefield. Organize meetings of representatives from Cambodian Army units and the Vietnamese Army Volunteer units to exchange views and further heighten their solidarity and fighting spirit.

6. The Information and Culture Ministry should have plans to show films, exhibits, and organize art performances for units of the Armed Forces and the masses that take part in national defense labor.

7. Newspapers, the radio, television, and SPK should have propaganda plans to conform with these suggestions. The Central Propaganda and Education Commission is charged by the party Central Committee to cooperate with the KUFNCD National Council, the Defense Ministry, and the committee for organizing national and international festivals in providing guidance and calling on every level of ministries, and services to implement this circular, sum up the results, and report them to the party Central Committee Secretariat.

Slogans:

1. Welcome the 34th anniversary of the founding and the glorious traditional day of the KPRAF and Army-People Solidarity Day!

2. Long live the great victories of our Army and people during the 1984-1985 dry season!

3. Pledge to advance mass agitation work, fight the enemies, advance the movement to win back misled persons, advance production, and firmly build localities!

4. Expand the victories of the 1984-85 dry season and exert new efforts to score new successes in the 1985 rainy season!

5. The relations of militant solidarity among the Cambodian, Vietnamese, and Lao Armies and people will last forever!

6. Long live the glorious KPRP!

7. Long live the PRK!

[Dated] Phnom Penh, 10 June 1985

[Signed] For the party Central Committee Secretariat, Say Phuthang

KPNLF CLAIMS 5,000 GUERRILLAS INSIDE COUNTRY

BK130117 Bangkok THE NATION REVIEW in English 13 Jun 85 p 3

[Text] The guerrillas of the Khmer People's National Liberation Front (KPNLF) claimed that 43 percent of its total strength has already penetrated inside Kampuchea. The latest KPNLF news bulletin said that by this month a guerrilla force of about 5,000 will be operating deep inside Kampuchea. The KPNLF maintains an active armed force of about 13,000 men. The release also said that KPNLF underground networks have been extremely active, and have engaged various types of activities such as hitting provincial administrative offices with grenades, harassing enemy troops, and conducting subversive activities and psychological warfare.

VONADK REPORTS 2 ATTACKS IN PHNOM PENH MARKETS

BK140237 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 13 Jun 85

[Excerpts] We attacked Snoeng Township on the West Battambang battlefield on 10 June. After fighting for 15 minutes, we totally liberated this township. We killed a Vietnamese soldier and wounded three others. We liberated five villages, namely Phum Snoeng Khang Kaeut, Snoeng Khang Lech, Bos Khlei, Samraong, and Kro.

On 8 June, we launched a sweeping operation against Vietnamese soldiers posted along the Stoeng Chas river bank which stretches from Phum Don Pre to Phum Sdach. The first prong attacked Don Pre village, the second prong attacked Chang O Maet, and the third prong aimed at Phum Sdach. After fighting for an hour, we killed 5 Vietnamese soldiers and wounded 12 others. We destroyed two RPD's, a B-40, five AK's, and some war materiel; seized some ammunition and war materiel; and liberated seven villages, namely Phum Don Pre, Boeng Tim, Chang O Maet, Ponlich Kroch, (Srau), Prasat Sangke, and Svay Thom.

On 13 May, our guerrillas lobbed four hand grenades at Vietnamese soldiers at O Russei Market on the Phnom Penh battlefield, killing six and wounding five. On 30 May, we attacked the Vietnamese soldiers at Takhmau market, killing two.

THAI RAT URGES RESPONSE TO U.S. 'PROTECTIONISM'

BK131257 Bangkok THAI RAT in Thai 13 Jun 85 p 3

[Editorial: "Trade Between Thailand and the United States"]

[Text] Competition and protectionism is rampant in international trade these days. Big countries are using all available means to take advantage of and block small countries in this affair. This is what the United States is presently doing with Thailand.

Over the past 5 years, Thailand suffered continuous trade deficits with the United States -- about 40 billion baht in 1980, 26.5 billion baht in 1981, 19.8 billion baht in 1982, 19.5 billion baht in 1983, and 17 billion baht in 1984. The amount of the deficit, however, has been decreasing. This is because Thailand has been trying to expand the markets for its industrial goods in the United States by improving the quality of its products, such as textiles and garments, canned food, plasticware, electrical circuits, seafood, and gems.

This trend has drawn a negative reaction from the U.S. private sector as well as the government. Instead of helping Thailand, which has been its political friend throughout this time, the United States has been trying all possible means to prevent Thai goods from entering the country. A clear example of this can be seen from the measures concerning quota, tariff, and other regulations imposed on Thai exports to the United States. Most recently, the United States accused Thailand of increasing tariffs on imports from the United States. This is tantamount to interfering in Thailand's internal affairs. It shows that the United States, a powerful country, will do anything to protect its own interests no matter even if it may hurt a friendly country which is small, developing, and struggling for survival.

This shows that in the matter of interests, there is no friend for the United States, no matter how close an ally. Thailand raised tariffs on its imports not because it wants to block imports from the United States, but because it must do something for its economic survival. Thailand's major imports from the United States include machinery, chemical products, and synthetic fiber.

In view of the growing U.S. trade protectionism against Thai exports, the government should not remain idle. We think the government should do something in order to inform the United States that what it is doing is hurting a small country that has consistently remained a good friend of the United States. Thailand is only doing its best to improve its exports and marketing in order to reduce deficits in trade with other countries.

REPATRIATION OF CAMBODIANS TO BEGIN 17 JUNE

BK140055 Bangkok BANGKOK POST in English 14 June 85 p 1

[By Yuwadi Thanyasiri]

[Text] Repatriation of the first batch of Kampuchean will begin on Monday [17 June] as part of a plan to send back some 230,000 Khmer civilians to safe areas inside Kampuchea, a highly-placed authoritative source said yesterday. The source, who requested anonymity, told the BANGKOK POST yesterday that all the 230,000 Khmer evacuees who were not granted refugee status would be sent back to safe zones inside Kampuchea which were chosen by the military. Many of the Khmers have been living at evacuation sites along the Thai-Kampuchean border since last November.

The Thai military, the source said, had earlier scoured several potentially safe sites in Kampuchea and had chosen a number of areas which are not only safe enough for the repatriated Khmers, but which are also relatively suitable to make a living. The repatriated Khmers will be provided with food, farm tools and other essential materials which will help them pursue a living back in Kampuchea, the source said. For security reasons, the source declined to pinpoint the repatriation sites or to disclose the number of Khmers in the first batch to be sent back across the border on Monday.

The Thai military, the International Committee of the Red Cross and United Nations Border Relief Operation will jointly oversee the mass repatriation which is expected to continue for several days. The source pointed out that Vietnamese military activity near the Thai-Kampuchean border had subsided noticeably due largely to the monsoon season, thus making the repatriation possible and safe for the returnees. The source further noted that even though some parts of the 700-kilometre-long Thai-Kampuchean border have been mined or fenced off with barbed-wire, there were several gaps along the border where the Khmers could be sent back safely. The last mass repatriation took place in May 1983 when about 20,000 Khmer civilians were sent back into Kampuchea.

The source said that though the Thai Government had permitted temporary asylum to the Khmer civilians on humanitarian grounds, it had always made known its policy that their settlement on Thai soil was on a temporary basis. The source further said that the illegal presence of the Khmers on Thai territory, particularly the armed nationalists, had increasingly become the cause of armed conflict between Thai and Vietnamese forces.

The UN High Commissioner for Refugees William Smyser during his recent talks with senior Thai authorities had requested that the Khmer evacuees be allowed to stay longer in this country.

#### EDITORIAL URGES CLOSER JAPAN-ASEAN COOPERATION

BK140255 Bangkok THE NATION REVIEW in English 14 Jun 85 p 4

[Editorial: "ASEAN-Japan Talks Must Consider Regional Needs"]

[Text] End of this month an ASEAN delegation will sit down with a Japanese delegation in Tokyo to discuss the opening of Japanese markets to goods from ASEAN member countries. We are not sure about the fellow-members of ASEAN but Thailand is taking the matter very seriously and is sending a powerful 20-man delegation including four Cabinet ministers, headed by Finance Minister Sommai Huntrakum.

From present indications and from what Japan has already leaked out about the concessions she is going to offer to ASEAN, it appears that there is a positive attitude in Tokyo but it is difficult to tell whether substantial achievements will be chalked up. It has already been said that Japan will cut tariff on boneless chicken, palm oil, bananas, etc. But these concessions had been expected for a long time.

Thailand, and possibly other ASEAN members, is not sending such a powerful delegation to negotiate minor matters like the tariff on boneless chicken. The objective, and we are sure Japan will agree, is to consider a whole range of topics centering on the opening of the Japanese market to raw materials from ASEAN, and the future of economic relations. That is one of the reasons for Thailand publishing a white paper on Thai-Japan economic relations so much so various subjects, not just minor individual ones, can be discussed.

The question of discussing the effects of the Bonn economic summit may not be very useful since it was considered mostly a failure because French President Francois Mitterrand blocked any progress for international trade talks unless they are linked with measures to reform currency. But the discussions in Bonn need not affect the ASEAN-Japan, although a participant in Bonn, will be acting in her individual capacity in discussions with ASEAN.

While increased exports to Japan will take pride of place in the negotiations, there are also other matters which are of importance. Technology transfer has been one of the sore points and we are sure that the matter will come for some heated discussion. Japan has been charged with transferring only labour-intensive and high-pollution industries to Southeast Asia and to some extent that charge is correct.

Further, Japan wants ASEAN backing to support her call for a new round of multilateral trade negotiations. (This is something like the proposal which six countries backed in Bonn but was shot down by France.) From Southeast Asia's point of view the time is not ripe for such talks since it is easier to settle bilateral issues first instead of being caught in the crossfire of numerous countries putting forth irreconcilable proposals. It is right for ASEAN to stick to the stand that it should come after the other industrialized countries have come to some sort of a conclusion about the whole matter. Japan has come a long way from erstwhile trade protectionism and it is now time for her to think in terms of geopolitics and that her self-interest lies in the growth of ASEAN. She must, during the talks at the end of the month at least, forget about the larger trade she does with the U.S. and EEC and concentrate on how mutual benefit can accrue from trade and closer economic cooperation with ASEAN.

#### OFFICIAL REPORTS ON DECLINING TRADE WITH LAOS

BK121320 Bangkok Domestic Service in Thai 0530 GMT 12 Jun 85

[Text] Worachet Suphadun, commercial counselor attached to the Thai Embassy in Vientiane, attributed the drastic drop in trade between Thailand and Laos since last year to the Lao Government's policy of limiting imports by both the government and private sectors and to austerity measures designed to alleviate economic and financial difficulties in that country.

From 1982 to 1983, Laos had no system or regulations to control the country's economy. Imports during this period were carried out freely, mostly by the private sector. Besides, the Lao people's buying power was still high, and portions of the imports were passed on to the other Indochinese countries. After the Lao Government decided to intervene in the import business at all levels to turn the country's economy into the socialist type by prohibiting imports by the private sector, trade between Thailand and Laos was adversely affected.

However, Laos' need for foreign industrial and consumer goods is still high. This year, Laos will import over 1,139 million baht worth of such goods, or 44 percent of the total import value. Thai exports to Laos during the next 3-month period are expected to further increase when compared with the previous period's export value of over 91 million baht. The current trade between the two countries dropped by 64-65 percent from that of the past few years.

REAGAN'S REMARKS 'SLANDER, ABUSE' VIETNAM

OW131403 Hanoi Domestic Service in Vietnamese 1000 GMT 12 Jun 85

[From the press review]

[Text] Today QUAN DOI NHAN DAN publishers Quang Cat Loi's article, entitled: "Reagan's Resentment and Grudge," which says:

In his speech in Birmingham on 6 June, President Reagan brazenly slandered and abused Vietnam in vulgar terms. He said that Vietnam has created new forced labor camps and tortured the detainees there and forced people to flee abroad.

Reagan's allegations reached the peak of rudeness and ridiculousness when he said that Vietnamese Communists can now celebrate the event of turning their country into the poorest one in the world and that the past 10 years have been a prolonged life in hell for the Vietnamese people. Finally, Reagan advanced this condition which is like that of a U.S. gangster. Vietnam must make public the fullest account of American POW's and MIA's from the Vietnam war; this is the only way for the United States to improve its relations with Vietnam.

The article stresses: This was not the first time that Reagan took the floor to slander and discredit Vietnam. His allegation contains nothing new; the only new thing this time was the fierce resentment and unconcealed fury of the head of the U.S. Administration and representative of the most belligerent U.S. militarist forces in the face of the biggest U.S. debacle in its 200-year history.

The article continues: Over the past 10 years the U.S. public has been almost completely blacked out from the reality in Vietnam by Washington's continued hostile policy toward Vietnam, being given only a distorted picture of this country. Yet, a wide mass media campaign about Vietnam as never seen since the end of the Vietnam war has recently been launched in the United States, in which the truth about the war as well as the present economic and social situation in Vietnam are reflected vividly and in a fairly objective way. The vast majority of Americans, including many politicians, now agree that the Vietnam war was an unforgivable mistake and an indelible stain for the United States.

All men and women of conscience in the United States are urging the normalization of relations with Vietnam. This, however, is unacceptable to Reagan. In his Birmingham speech, which was filled with the most acrimonious language, Reagan openly rejected this legitimate demand. By defaming Vietnam, he hoped to cover up the failure of his hostile policy toward Vietnam over the past 10 years. It is obvious that this hostile policy has remained unchanged.

As far as the normalization of relations between the United States and Vietnam is concerned, the Reagan administration has always assumed a haughty attitude, setting all kinds of conditions which are based on falsehoods invented by itself. It is trying to capitalize on the concern of many Americans about the MIA issue in order to incite anti-Vietnamese sentiment, in disregard of truth and reason. It is quite preposterous that while Mr Reagan is imposing on Vietnam the responsibility of seeking American MIA's in Vietnam, that is, those who had come to Vietnam and committed crimes, he is washing his hands of all responsibility of the United States for having caused suffering and death to millions of Vietnamese and its duty to help heal the wounds of war in Vietnam.

The article concludes: Vietnam and the United States are two sovereign countries. Their relations must be built on the basis of equality and mutual respect. We hold that illogical and arrogant conditions should not be advanced for the establishment of such relations. As long as the Reagan administration pursues its hostile policy toward Vietnam, there will be no normalization of relations between the two countries.

THAILAND'S PRASONG REMARKS ON CAMBODIA SCORED

BK131214 Hanoi International Service in English 1000 GMT 13 Jun 85

[Text] The British Broadcasting Corporation Wednesday said that while receiving the deputy head on the UN High Commission for Refugees, Mr William Smyser, General Secretary of the Thai National Security Council Mr Prasong Sunsiri brazenly fabricated that Vietnam sends additional troops to Kampuchea. Everyone knows that in the last dry season the Khmer Rouge remnant forces remained unchanged and they are now operating inside Kampuchean territory. These words are indeed a premeditated lie with the character of psychological war of instigation. As a head of the security agency of Thailand, does Mr Prasong Sunsiri know about the withdrawal of Vietnamese Volunteer Army from Kampuchea?

In recent years, these annual Vietnamese troops withdrawals were witnessed and covered by many foreign observers, including from the United States and many ASEAN countries such as Indonesia and the Philippines. Why Vietnam can carry out such withdrawals? The answer is very simple. Because the situation in Kampuchea has become more stable and the Kampuchean Revolutionary Armed Forces have rapidly grown up, making [words indistinct] to the national defense.

Another reason for the Vietnamese troop withdrawal from Kampuchea is that the Khmer Rouge and other Khmer reactionary forces are being disintegrated. Being badly trounced in the last dry season, the Khmer reactionaries had to hide in the dens of Thai territory. It is a deliberate mistake of Mr Prasong Sunsiri to say that they are operating inside Kampuchean territory.

Also at the reception given to the deputy head of the UN High Commission for Refugees, the head of the Thai security council said: It is time for the Kampuchean refugees to repatriate. In fact, Thailand is making profits from these refugees. In the past 2 years, Kampuchea has for many times proposed that the two sides met to solve the problems of refugees. However, Thailand rejected all Kampuchean proposals. It deliberately maintains the refugee issue for many purposes, first of all, to maintain the source of manpower for the disintegrating Khmer reactionary forces; secondly, to find a pretext to ask for money from the United Nations and other charity organizations. In short, Thailand is using the Kampuchean refugees as a type of commodity to make profits.

AUSTRALIABRIEFS

TRADE DEFICIT FIGURES -- Australia's balance of trade showed a deficit of \$131 million in May; that is, about U.S. \$88 million. The situation is a sharp decline on the position in April, when the balance of trade showed a \$200 million surplus. The deficit has boosted the total deficit for 11 months in this financial year ending this month to \$1.5 billion. In the current account or general trading account, there was a deficit for the past 11 months. This brings the current account deficit for the past 11 months to \$10 billion. The current account includes losses on items such as freight, travel, and interest payments overseas. A spokesman for the treasurer, Mr Keating, said the figures were expected because of the effect of Australia's falling dollar. The value of imports rose by 18 percent in May. [Excerpt] [Melbourne Overseas Service in English 0830 GMT Jun 85 BK]

NEW ZEALANDDEFENSE BUDGET INCREASED BY 18.6 PERCENT

HK131450 Hong Kong AFP in English 1442 GMT 13 Jun 85

[Text] Wellington, June 13 (AFP) -- New Zealand's Labour government today unveiled a budget which increased defence spending 18.6 percent, while slashing the country's budgetary deficit to its lowest level for more than a decade. It raised defence spending to a record 5.7 percent of GDP, partly to meet extra commitments created by a row with the United States within the ANZUS defence alliance. Military cooperation between the two countries has been cut since New Zealand early this year banned U.S. nuclear-capable warships from its ports. The budget also raises education and welfare spending, and plans to reduce the deficit to 2.8 percent of gross domestic product (GDP).

This would leave only 600 million U.S. dollars to be borrowed to finance the government's spending programme. The deficit was 6.9 percent last year and 8.9 percent the year before.

Finance Minister Roger Douglas said the government was "absolutely determined to reduce inflation and interest rates." The budget expects government tax take to increase 30 percent in the year to next March, partly the result of output growth, higher inflation and fiscal drag. Mr Douglas expected inflation and high interest rates to decline during the year though Treasury estimates released with the budget show inflation at a high 12 percent for the year.

Budget papers indicated the value of the New Zealand dollar may decline seven percent in the year, while the external current account deficit could be cut to less than one billion U.S. dollars. Traditional budget increases in taxes in alcohol, tobacco and petrol were not repeated this year.

Old age pensioners were offered the one carrot in the budget -- a surcharge on their extra earnings was partially relaxed and they are now allowed to travel overseas for up to six months while still drawing superannuation.

A major package of income tax reforms combined with a new indirect consumer tax on goods and services is to be unveiled in a second budget due in September. The government has said income tax changes in the September package will mean that average family wage earners will pay no income tax.

SANDIGANBAYAN DISMISSES VER'S AGRAVA TESTIMONY

HK140316 Manila Far East Broadcasting Company in English 2300 GMT 13 Jun 85

[Text] The Sandiganbayan said yesterday [13 June] the Agrava Board testimonies of General Fabian Ver, Major General Prospero Olivas, and six other soldiers, as accessories cannot be used as evidence against them. The panel said the testimonies were the accessory acts of Ver, Olivas, and the six soldiers. The six were all members of the Aviation Security Command. Sandiganbayan presiding Justice Manual Pamaran penned the decision rejecting the use of the Agrava Board testimonies of Gen Ver and his co-accused. It was concurred with by Associate Justices Augusto Amores and Bienvenido Veracruz.

Ver Wants Charges Dropped

HK140949 Hong Kong AFP in English 0922 GMT 14 Jun 85

[Text] Manila, June 14 (AFP) -- Armed Forces chief General Fabian Ver will shortly ask the court trying the Benigno Aquino murder case to dismiss the charges against him for lack of evidence, one of the lawyers said here today.

The court yesterday threw out the main evidence against Gen. Ver and seven other soldiers charges as accessories to the Aug. 21, 1983 murder of President Ferdinand Marcos's arch political foe at Manila Airport.

Legal observers said Gen. Ver, who was today shown on state television beaming beside the president in ceremonies marking a World War II battle in northern Philippines, moved closer to acquittal with the ruling.

Prospero Crescini, one of his counsels in the four-month-old trial, told AGENCE FRANCE-PRESSE that Gen. Ver would file a "demurrer of evidence" which could lead to the dropping of charges against him before the trial ends.

"We propose to file a motion to dismiss the complaint against him without filing any evidence in his behalf in view of the ruling," he said.

The court said the key evidence against Gen. Ver and the other accessories -- their testimonies before a citizens' probe board which concluded that a military conspiracy was behind the murder -- was inadmissible. State prosecutors presented the testimonies to prove their contention that the eight tried to cover up the nature of the Aquino slaying and thus became accessories after the fact by lying before the probe board.

Mr. Crescini said "The prosecution has nothing to stand on" now after the ruling, which said the accessories were immune from prosecution over their testimonies on the basis of a presidential decree creating the probe board. The court also cited the constitutional right against self-incrimination.

Gen Ver had denied that he monitored Mr. Aquino's movements before his fatal return from voluntary exile in the United States, but admitted having had a direct hand in the security plan for his arrival. The board said that Gen. Ver's three-day testimony amounted to an attempt to "cover up the crime, or hide the corpus or effects of the crime."

Andres Narvaza, the chief counsel of the probe board, today refused to comment on the ruling.

"It's not the final thing," he said, stressing that state prosecutors could still ask the trial court to reconsider its ruling, or go all the way to the Supreme Court to contest the decision.

Richard Buenviaje, one of the five state prosecutors in the murder trial, said his panel was "still studying" its response to the ruling. Chief Prosecutor Manuel Herrera could not be reached for comment.

Augusto Amores, one of the three trial judges, agreed yesterday that the ruling was a blow to the prosecution but added that this did not mean that Gen. Ver and the others would be acquitted outright. "There are still other evidences against them" he told reporters.

The prosecution offered other pieces of evidence against Gen. Ver, but these were mainly intended to establish that there was a military conspiracy. His board testimony was the only item directly linking him to that alleged plot.

The other accused are 17 soldiers led by an Air Force general charged as principals and a businessman named as an accomplice. All 26 are simultaneously on trial for the murder of Rolando Galman, a gangster ~~the~~ military named as Mr. Aquino's slain communist assassin.

State prosecutors contend that a soldier shot Mr. Aquino from behind on a plane service stairway at Manila Airport. The defense maintains that Mr. Galman shot him on the tarmac before being killed by soldiers guarding Mr. Aquino. No witness has come forward to link Gen. Ver to either murder.

Gen. Ver has not issued a statement on the court ruling, which gave little cause for surprise to most trial watchers here. He had always expressed confidence that the evidence would be rejected and he would be acquitted.

He appeared in civilian clothes with President Marcos and other World War II veterans today in ceremonies marking the anniversary of the battle of Bessang Pass, which led to the surrender of a top Japanese general, Tomoyuki Yamashita.

#### U.S. EMBASSY DEFINES ROLE OF 'SPECIAL FORCES'

HK131108 Manila Far East Broadcasting Company in Tagalog 1000 GMT 13 Jun 85

[Text] The U.S. Embassy has defined the role played by the Special Operations Forces at Clark and Subic Bases. The embassy said the group is not a secret one and has been stationed at Subic Naval Base since July 1978 and at Clark Airbase since January 1981. The embassy added that the Special Operations Force is an official group connected to the U.S. naval units based in the Philippines and in the North Pacific.

#### U.S. WANTS TO SUPPORT MARCOS, PLACATE OPPOSITION

HK130925 Quezon City VERITAS in English 9 Jun 85 p 9

[By Philippine News and Features]

[Text] The US Government is supporting President Marcos while trying to delude some sectors of the Philippine opposition into believing that the US is backing them.

In a recent statement, the Alliance for Philippine Concerns (APC), an alliance of concerned Filipinos in the US, said that the Reagan administration wants to keep President Marcos in power while "at the same time placating the elite opposition with (political and economic) reforms of little substance." State Department officials hope, the APC stated, that this will have the effect of driving a wedge between the elite opposition and the mass-based cause-oriented opposition or "street parliamentarians."

At present, the Reagan administration has underscored the military solution as the main component of an escalating US intervention in the Philippines, the US-based alliance said. In this direction, two steps are being taken by the Reagan government: a recordbreaking \$100 million in military aid for 1986 and efforts to "professionalize" the Philippine military. The key US goal, according to a US security directive quoted by APC, is the creation of "an effective military capable of carrying the fight to the communist insurgency."

APC also revealed that the real US policy in the Philippines surfaced when the topsecret policy paper (National Security Study Directive) was leaked to the press in early March. Thus, according to the directive, "While President Marcos at this stage is part of the problem, he is necessarily part of the solution.... We need to be able to work with him and try to influence him through a well-orchestrated policy of incentives and disincentives..."

"Efficient repression, imposed economic austerity and cosmetic liberalization are the three pillars of the Reagan administration's dangerous policy of heightened intervention in the Philippines," the APC said.

Meanwhile, several Filipino organizations and their American and Canadian friends staged coordinated mass actions in key cities all over the US and Canada last May to protest US support for the Marcos government.

The mass protest rallies were held in the US cities of San Francisco, Los Angeles, New York, Washington DC, Chicago, Minneapolis and Ann Arbor, as well as in the Canadian cities of Toronto and Montreal. The continent-wide protest activities sought to stop President Reagan's proposed military aid to the Marcos government and assail the most recent military abuses in the Philippines as reported.

#### UNIDO DRAFT PROGRAM AMBIGUOUS ON U.S. BASES

HK131533 Manila BUSINESS DAY in English 13 Jun 85 p 5

[By Reporter Abrino Aydinan]

[Text] Can the issues of Philippine military alliance with the United States and continued operation of the American military bases and other facilities in the country be separated? The United Nationalist Democratic Organization (Unido) appears to be supporting the former while temporizing on the latter issue.

Unido's formal stand for preserving a "defensive alliance" between the Philippines and the United States has added to the ambiguity of the opposition group's position on the U.S. bases.

A draft "program of government" recently issued by the Unido puts down as a foreign policy guideline "maintenance of defensive alliances with the United States and other allied nations." The addition of the phrase "and other allied nations" is apparently intended to make the principle apply in general to any future alliances of the country similar to what it has now with the United States.

Viewed in the context of the country's membership in the Association of Southeast Asian Nations and its identification with the Non-Aligned Movement, however, the Unido statement would seem to have no other valid purpose than to endorse Philippine-American military ties: The ASEAN agreements clearly provide that the organization will not become a military alliance, while the Non-Aligned Movement anchors its program on unarmed neutrality of nations.

Unido clearly does not support nor does it oppose an eventual dismantling of the U.S. bases in the Philippines. In its document, the opposition group makes a case for respecting the country's "rights and obligations under international law" and on this basis calls for "respecting the provisions of the Military Bases Agreement" with the United States until it expires as scheduled or earlier by mutual consent.

An additional principle contained in the document that "foreign military bases should not be allowed on Philippine soil (beyond 1991) without the free consent of the sovereign people obtained through a free and honest plebiscite or referendum especially called for the purpose by a truly democratic government" hardly clarifies the Unido position.

On top of Unido's attempts to muddle its position, the document proclaims that "foreign military bases constitute a diminution of Philippine sovereignty and involve the peace, security and survival of the entire nation."

Elsewhere in the document, Unido yet again ventures into "cooperat(ing) with ASEAN partners in promoting the goal of making Southeast Asia a zone of peace, freedom and neutrality" without pausing to consider that such a dream zone would conflict with the presence of American military bases in the Philippines.

#### SOCIAL DEMOCRATIC PARTY EXPELS TWO MEMBERS

HK140700 Manila Far East Broadcasting Company in English 2300 GMT 13 Jun 85

[Text] Social Democratic Party President Francisco Tatad has expelled former Assemblyman Ruben Canoy and the party's Secretary General Eduardo Tamundong. Tatad said the two were guilty of acts inimical to the party and the cause of opposition unity. Tatad announced the expulsion yesterday. His move was a swift reaction to the announcement the other day by Tamundong that the party was set to oust Tatad as president for disregarding party policy decisions and acts inimical to party unity and the opposition's unification efforts. Tatad said Tamundong and Canoy's ouster was prompted by the party's desire to prevent its being used as an instrument to launch an insolvent and questionable presidential candidacy.

Meanwhile, Political Affairs Minister Leonardo Perez yesterday said the United National Democratic Organization [Unido] convention which chose former Senator Salvador Laurel as its presidential standard-bearer gave rise to more questions than answers on the real intentions of the opposition with regard to the nation's struggle to achieve economic recovery and development. In a press statement, Perez said the Unido political extravaganza failed to confront the challenge of President Marcos for the opposition to explain why they have entered into a conspiracy with the New People's Army and other communist fronts to ensure NPA terrorist threats on political leaders and the voters to favor the opposition.

MARCOS RULES OUT AMNESTY FOR LEFTIST REBELS

HK140452 Hong Kong AFP in English 0405 GMT 14 Jun 85

[Text] Manila, June 14 (AFP) -- President Ferdinand Marcos has ruled out negotiations or a grant of amnesty to rebels as solutions to the Philippines' growing leftist insurgency, according to an interview published here today.

Calling communist New People's Army (NPA) guerrillas romantic teenagers, he told MR. AND MS. MAGAZINE: "Negotiations are only on the basis of surrender." Mr. Marcos described as "very childish" and a "step in the wrong direction" an opposition proposal for a blanket amnesty for rebels.

"My feeling on the insurgency is that it is turning around," said the president, under whose 20-year-old rule the NPA, military wing of the Communist Party of the Philippines, grew from a ragtag band in 1969 to an estimated 12,000 guerrillas today.

Mr. Marcos, 67, said there was no confirmation that the Maoist NPA was getting foreign support but added that insurgents were trying to get such aid.

"Not the NPA, but the radical unions are getting help from such diverse places as Brussels, Warsaw," he said, adding that the government also had evidence that some church funds from abroad were being used by leftist fronts.

Mr. Marcos said last month that he may invoke a mutual defense treaty with Washington and call in U.S. troops in case the insurgency got out of control and foreign infiltration and subversion became massive.

Saying he used to be rebellious himself, Mr. Marcos called the NPA young men "looking for something which the present boring society cannot give."

Grants Amnesty to MNLF Leader

HK140654 Manila Far East Broadcasting Company in English 2300 GMT 13 Jun 85

[Text] President Marcos yesterday granted complete and absolute amnesty to Moro National Liberation Front leader Commander Carding and his 105 followers. The amnesty was granted when Carding and his men called on the president at Malacanang, accompanied by other former MNLF leaders Nur Khan and Gerry Salapudin and their men.

Commander Carding and his men offered their help to the government in the task of protecting the Republic and of uplifting the people's welfare. The Cotabato MNLF leader also said he and his men decided to return to the fold of the law after seeing the president's sincerity in improving the lives of the people, particularly Moslem Filipinos.

Meanwhile, Commander Nur Khan, former chairman of the MNLF in the Davao Provinces, branded as a blatant lie the report appearing in yesterday's issue of MALAYA that the MNLF and NPA were in a joint raid in Davao. He said everybody knows that the communist NPA has a godless ideology and has been fighting with the MNLF since the beginning.

MILITARY STEPS UP OPERATIONS IN QUEZON-BICOL AREA

HK140448 Manila Far East Broadcasting Company in English 2300 GMT 13 June 85

[Text] Acting Armed Forces chief Lieutenant General Fidel Ramos has ordered search-and-destroy military operations in the Quezon-Bicol zone against all sanctuaries of the communist New People's Army. The chief of staff ordered all field commanders in the zone to stop the NPA insurgents where they are.

Gen Ramos issued the order during a visit yesterday to frontline troops in the Quezon-Bicol area. He said the NPA terrorists are using the Quezon-Bicol zone as their sanctuary and must be stopped. Gen Ramos also assured field commanders of more logistics for the soldiers in embattled areas to ensure the success of the government's anti-insurgency campaign. The military has recently beefed up its forces in the volatile Quezon-Bicol zone with the 2d Brigade of the Philippine Marines under Colonel Braulio Balbas and the 3d Marine Landing Team under Major Rudyard Gaway.

In a related development, Vice Governor Jose Velarde of Camarines Sur yesterday said Filipinos fighting against Filipinos should not be allowed to escalate because it would be a catastrophe. Velarde asked his constituents not to be persuaded to change the democratic system to a godless communist ideology, adding he could not see any reason why we should alter our democratic way of life.

CB OFFICIALS ON GOVERNMENT COMPLIANCE WITH IMF

HK131547 Manila BUSINESS DAY in English 13 Jun 85 p 3

[By Rigoberto D. Tiglao]

[Text] The Philippines has been able to comply with most of the major performance criteria for end-May imposed by the International Monetary Fund (IMF) which indicates that the IMF is likely to release the \$107-million (108 million in special drawing rights) second credit tranche late this month or early July, ranking Central Bank [CB] officials said.

While the official report to the IMF is yet to be submitted next week, the sources said that CB data on the reserve money-level, short-term external debt, approvals of external borrowings, and CB credit to the Philippine National Bank (PNB) show that the country has complied with the IMF-prescribed ceilings for end-May. These ceilings were set for end-May after the country failed to comply with several of the performance criteria on the IMF measurement review date of March 31 this year.

Among the most important performance criteria the government has complied with is the end-May P34.4-billion ceiling for the reserve money, or the new money the CB creates that determines total fund availability in the country. According to the CB data, the reserve money for the five business days before May 31 and the five business days after, averaged only P31.9 billion, way below the IMF ceiling.

The ceiling was complied with largely by maintaining the outstanding level of CB and Treasury Bills and continuing the CB's policy of virtually closing its rediscounting windows except to finance nontraditional exports.

The sources noted, however, that in the middle of last month, an escalation in government borrowings from the BC appeared to risk the government's compliance with the reserve money levels. In the middle of May, government borrowings from the CB jumped by about P2.6 billion to P10.9 billion. The government's CB borrowings, however, were largely neutralized by the increasing deposits at the CB by government corporations of the peso equivalent to their foreign debt servicing.

Aside from the reserve money ceiling, the government also did not comply with the end-March performance criterion on the short-term external debt of \$9,649 billion. The government exceeded this limit by \$300 million.

The CB officials, however, said that the CB had managed to bring back the short-term external debt to \$9,600 million at the end of last month, thereby complying with the IMF condition.

Although the CB officials did not provide the figures, they said the end-May ceilings on new external borrowings with maturities of one to 12 years were met. The IMF ceilings were set at \$2,255 million at end-May in the case of new borrowings with maturities of 1-12 years and \$400 million in the case of new loans with maturities of one-five years. "That was really no problem," the officials said, "since loans because of the moratorium were virtually impossible to obtain."

Another performance criterion complied with was the P5.2-billion ceiling on CB credit to the PNB, the officials noted. One of the major factors that has allowed the PNB to limit its borrowings from the CB was Marubeni Corp's recent agreement, approved by the Monetary Board, to reschedule PNB's debts to it (mostly called guarantees) amounting to \$40 million.

However, data still is unavailable on the net domestic borrowings of the national government and of the entire public sector (including public corporations), the two other critical IMF performance criteria. These are actually new measures the IMF and the government agreed to set as performance criteria in the last Fund's program review.

These replaced the previous criteria on net bank credit to the national government, net bank credit to the public sector, and the combined deficit of the nonfinancial public corporations. The government has complied with the end-March ceilings on corporations but had exceeded the ceilings applied to the national government and the public sector.

Prime Minister Cesar Virata recently told BUSINESS DAY that one of the reasons for the change in these performance criteria is that it took a tedious process to determine which of the public sector's borrowings were from banks or from the public at large, largely because of the issuances of a huge amount of Treasury Bills.

Compliance with the end-May performance criteria is critical for the country's adjustment program since the IMF Executive Board had approved the government's request to draw on the second \$107-million tranche of the IMF's standby credit facility only on the condition that the country observes the end-May ceilings. The implementation of the \$925-million loan agreement and the \$3-billion revolving trade facility the country's creditor banks recently agreed to extend requires that the country must first draw on the IMF credit tranches.

GOVERNMENT ASKS WORLD BANK FOR LOAN REPLENISHMENT

HK140604 Quezon City Maharlika Broadcasting System in English 0400 GMT 14 Jun 85

[Text] The Philippines has asked the World Bank to replenish the \$9.3 million which the textile industry used to import raw materials and spare parts last year. The amount had been due for replenishment from the Bank last April, but industry sources said that the government was still awaiting word from the World Bank. It was gathered that the World Bank wanted the Philippine Government to raise \$7.5 million to finance the textile industry's raw materials import as a test case. Only after the government has successfully collected from the industry would the bank come in with the \$9.3 million.

JAPANESE BANK FREEZES LOAN FOR POWER PLANTS

HK130723 Quezon City ANG PAHAYAGANG MALAYA in English 7 Jun 85 p 7

[Text] Negotiations for a \$60 million loan ear-marked for the rehabilitation of six power generating units have been suspended indefinitely by the Japanese Eximbank.

As a result, electric power supply in Luzon will remain unreliable and inefficient, according to National Power Corp. [NPC] President Gabriel Y. Itchon.

The six units of the Malaya and Sucat oil thermal plants supply 1,500 megawatts or about 70 percent of the 2,600 mw power generated from the two oil-based plants and about 48 percent of the total 8,000 mw power generated from the Luzon grid, including hydro and geothermal plants.

Japan Eximbank suspended the loan negotiations as a consequence of the restructuring of the country's \$26 billion foreign debts.

The six units of the plants which Itchon said are a "weak link" in NPC's power generation are over ten years old. The equipment and components need massive overhauling.

Two missions from the Japanese International Cooperation Agency reviewed the conditions of the oil thermal plants in 1982. They recommended that the power generating units be overhauled twice a year to restore their lost capability.

Rehabilitation work undertaken in 1979 with Japanese private companies failed despite a P120 million funding.

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